



Walgreens

2221 FULTON ST | HOUSTON, TX 77009

OFFERING MEMORANDUM

EXCLUSIVELY LISTED BY



PRESTON SCHWARTZ

Associate

DIRECT +1 (972) 533-2144

preston.schwartz@matthews.com

License No. 761511 (TX)

KYLE MATTHEWS

Broker of Record

License No. 9005919 (TX)



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Walgreens

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EXECUTIVE OVERVIEW

INVESTMENT HIGHLIGHTS

- **NEW VILLAGE MEDICAL IN-STORE CLINIC:** Walgreens recently added Village Medical, an in-store clinic that offers full-service primary care practices with on-site physicians.
- **CREDIT TENANT:** Walgreens offers a Corporate Guaranty with an Investment Grade BBB credit rating by Standard & Poor's and a market cap of ±\$40B. (NASDAQ: WBA)
- **STRONG DEMOGRAPHICS:** Positioned in a highly populated area with more than 413,000 people in a 5-mile radius and an average household income of \$101,000. Houston is the largest city in Texas and the Houston MSA is the 4th largest in the United States.
- **INCOME TAX-FREE STATE:** Subject property is in the state of Texas which offers no state income tax.
- **ESSENTIAL RETAILER:** Walgreens was deemed an essential retailer and has continued to provide valuable goods and services throughout the pandemic. Walgreens not only stayed open, but they paid their rent in a timely manner throughout the pandemic. Currently, Walgreens offers Covid-19 vaccines and test kits to customers.
- **PASSIVE ABSOLUTE NNN LEASE:** Zero landlord responsibilities providing for a passive investment - Tenant is responsible for CAM, Insurance, Utilities, Taxes, and maintains all aspects of the premises.
- **LONG LEASE TERM:** ±12 years remaining on the original lease ending in March 2034, with (the more favorable) 10 (5) year options
- **STRATEGIC LOCATION:** Located just off I-45, on a hard signalized corner. Site is strategically located less than one mile from Ketelsen Elementary School, Marshall Middle School, and Northside High School. These three schools contain over 2,800 students combined.



FINANCIAL OVERVIEW

TENANT SUMMARY

Tenant Name	Walgreens
Store Number	#12069
Type of Ownership	Fee Simple
Lease Guarantor	Walgreens Corporate
Lease Type	NNN
Lease Term	25 years
Lease Commencement Date	3/30/2009
Lease Expiration Date	3/31/2034
Term Remaining on Lease	±12 years
ROFR	Yes

Option Periods	Ten, 5-Year options
Roof	Tenant
Structure	Tenant
Management	Tenant
Maintenance	Tenant
Insurance	Tenant
HVAC	Tenant
Utilities	Tenant



\$9,320,000

LIST PRICE



\$452,000

NOI



±12 YRS

TERM REMAINING



4.85%

CAP RATE

ANNUALIZED OPERATING DATA

Term	Dates	Lease Years	Annual Rent	Monthly Rent
Base Term	04/1/2009 - 03/31/2034	1-25	\$452,000	\$37,666.67
Option 1 - Option 10	04/1/2034 - 03/31/2084	26-75	\$452,000	\$37,666.67





DOWNTOWN HOUSTON

± 3 MILES AWAY



KETELSEN ELEMENTARY SCHOOL



GENTRY ST
± 6,000 VPD



QUITMAN ST
± 6,000 VPD





NORTHSIDE HIGH SCHOOL



QUITMAN ST
± 6,000 VPD



GENTRY ST
± 6,000 VPD



COMPANY NAME

Walgreens

OWNERSHIP

Public

YEAR FOUNDED

1901

INDUSTRY

Drug Store

HEADQUARTERS

Deerfield, IL

NO. OF EMPLOYEES

±315,000

TENANT OVERVIEW

Walgreen Company is an American company that operates the second-largest pharmacy store chain in the United States behind CVS Health. It specializes in filling prescriptions, health and wellness products, health information, and photo services. It was founded in Chicago, Illinois, in 1901, and is headquartered in the Chicago suburb of Deerfield, Illinois. On December 31, 2014, Walgreens and Switzerland-based Alliance Boots merged to form a new holding company, Walgreens Boots Alliance Inc.-an integrated pharmacy, healthcare and retail leader serving millions of customers and patients every day, with a 170-year heritage of caring for communities. Walgreens became a subsidiary of the new company, which retained its Deerfield headquarters and trades on the Nasdaq under the symbol WBA. WBA has more than 315,000 team members and a presence in nine countries through its portfolio of consumer brands: Walgreens, Boots, Duane Reade, the No7 Beauty Company, Benavides in Mexico and Ahumada in Chile. Walgreens provides solutions for payers and health systems, resources for healthcare professionals, and has a Walgreens center for health & wellbeing research.

WALGREENS HEALTH FOCUS

Walgreens' overall value proposition differentiates it from competitors in valuable ways. Specifically, a focus on health gives Walgreens a competitive advantage over other pharmacies. By putting health at the forefront of all aspect of the business and reducing customers' shopping time, Walgreens has achieved placement in a league of its own as competition aims their focus on things such as convenience, design, or low prices.

AREA OVERVIEW

HOUSTON, TX

With a city population of over 2.31 million people, Houston is the fourth-largest city in the United States. Houston is the most diverse metropolitan area in Texas and has been described as the most racially and ethnically diverse major metropolis in the U.S. It is home to many cultural institutions and exhibits, which attract more than 8.7 million visitors a year to the Museum District. Houston has an active visual and performing arts scene in the Theater District and offers year-round resident companies in all major performing arts. Houston has the fifth tallest skyline in North America (after New York City, Chicago, Toronto, and Miami). A seven-mile system of tunnels and skywalks links Downtown buildings containing shops and restaurants, enabling pedestrians to avoid the summer heat and rain while walking between buildings.



NATION'S BEST CITY FOR MILLENNIALS

- LANGSTON CO.

#1 MOST DIVERSE CITY IN THE U.S.

- WALLETHUB, 2019

LOCAL ECONOMY

Houston maintains a global position as an international trade leader with economic and cultural ties reaching across the globe. As one of only five cities in the world connecting to all six inhabited continents, Houston is a global manufacturing and logistics hub and an international finance center. From the Port of Houston to the Houston Airport System, the city has an impressive array of logistical and distribution channels capable of meeting the demands of today's fast-paced market. Added to the region's central geographic location, Houston has easy access to the global marketplace, making it an ideal place for businesses looking to engage in international business.

- » More than 3,440 area firms, foreign government offices, and nonprofit organizations are involved in international business.
- » Approximately 1,700 Houston firms report foreign ownership and more than 150 Houston-based companies operate subsidiary locations around the world. These firms account for over 3,000 offices in more than 110 countries.
- » International trade directly or indirectly supports more than one-third of all jobs in the Houston metropolitan area.
- » Fifteen foreign governments maintain trade and commercial offices here, and the city has 35 active foreign chambers of commerce and trade associations.
- » Bush Intercontinental Airport offers non-stop service to more than 70 international destinations.
- » Hobby Airport completed construction on an International Terminal in 2015 and began service to Mexico and Latin America through Southwest Airlines. It now serves more than 55 destinations.
- » The Texas Medical Center sees an annual average of 16,000 International patient visits.



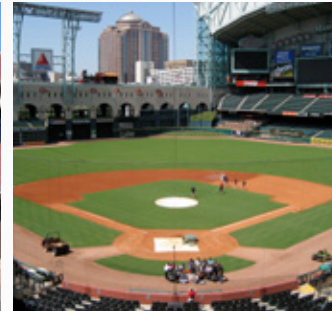
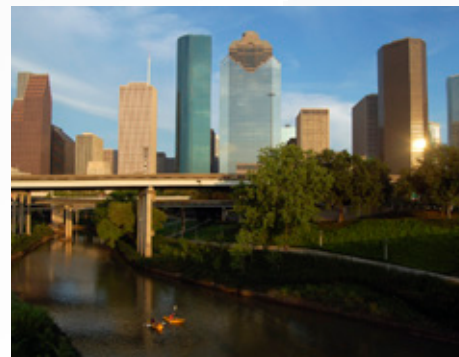
HOUSTON ARTS AND CULTURE

The Houston Museum District is one of the country's most visited and diverse cultural centers with 19 museums. These museums provide rich experiences in art, history, culture, nature, and science. The district is divided into four walkable zones, each of which includes a group of museums. The Museum of Fine Arts located within the Houston Museum District is one of the largest museums in the United States. The permanent collection of the museum spans more than 6,000 years of history with approximately 70,000 works from six continents. Each year, 1.25 million people benefit from the museum's programs, workshops, and resource centers.

Houston is indeed a shopping mecca. From lavish malls like The Galleria and Memorial City to "storefront neighborhoods" like Post Oak, Highland Village, Uptown Park, River Oaks District, and Rice Village. As the largest mall in Texas and the ninth-largest in the country, the Galleria is an upscale mixed-use urban development centrally located in the Uptown District of Houston. With 35 million annual visitors, The Galleria has been named the most visited attraction in Houston. On top of an ice-skating rink, the mall holds over 400 stores and is currently anchored by Neiman Marcus, Nordstrom, Saks Fifth Avenue, and Macy's.

HOUSTON SPORTS

Houston is a major-league sports town where fans can cheer for a variety of professional, semi-pro, and collegiate teams year-round. Get into the action with the 2017 World Series Champion Houston Astros at Minute Maid Park or score a touchdown with the Texans at NRG Stadium, the world's first retractable-roof NFL stadium. Grab courtside seats to see the two-time world-champion Houston Rockets at Toyota Center. BBVA Stadium, home of the Dynamo and the Dash, hosts numerous soccer matches throughout the year. Other annual professional sporting events include the Houston Open and the Houston Livestock Show & Rodeo—the world's largest.



HOUSTON DINING

Countless cutting-edge chefs have made a home in Houston, where diners eat out more than residents of any other city. There are more than 10,000 restaurants in the Houston area with culinary choices that represent more than 70 countries and American regions. Numerous dining options, and the increasing number of food halls in the Houston area, earned the city a spot on "The 20 Best Places to Travel in 2020," compiled by Harper's Bazaar. Since Houston's first food hall opened in '16, four more have launched in the city, with an additional six in the works.



HOUSTON ASTROS
(Major League Baseball)



HOUSTON ROCKETS
(National Basketball Association)



HOUSTON TEXANS
(National Football League)



HOUSTON DYNAMO
(Major League Soccer)

TEXAS MEDICAL CENTER

Houston is home to the largest medical center in the world—Texas Medical Center (TMC). Home to the brightest minds in medicine, TMC nurtures cross-institutional collaboration, creativity, and innovation through its 61 member institutions. From some of the world's leading hospitals to the top research facilities, Houston institutions are making an impact worldwide. In April '18, TMC announced the creation of TMC3, a multi-institutional 30-acre research campus that brings together the best institutions in clinical care, research, and industry. The campus is projected to be complete in '22, create nearly 30,000 jobs, and bring \$5.2 billion to Houston's economy.

8 million PATIENT VISITS PER YEAR	180,000+ ANNUAL SURGERIES <i>TMC begins 1 surgery every 3 minutes</i>	750,000 ER VISITS PER YEAR
Home to the WORLD'S LARGEST CHILDREN'S HOSPITAL TEXAS CHILDREN'S HOSPITAL	&	Home to the WORLD'S LARGEST CANCER HOSPITAL MD ANDERSON CANCER CENTER
With 1,345 total acres, TMC is the 8th largest BUSINESS DISTRICT IN THE U.S.	TMC offers over 9,200 TOTAL PATIENT BEDS	TMC's campus encompasses 50 million DEVELOPED SQUARE FEET
OVER 25,000 BABIES DELIVERED PER YEAR <i>TMC delivers 1 baby every 20 minutes, resulting in approximately 26,280 births per calendar year.</i>		
13,600+ TOTAL HEART SURGERIES	\$3 billion IN CONSTRUCTION PROJECTS UNDERWAY	106,000+ TOTAL EMPLOYEES

TMC | TEXAS MEDICAL CENTER

TMC.EDU

BUSINESS CLIMATE

Houston is a city of endless possibilities: Its history has been marked with achievements from the first word heard from the moon to the first artificial heart transplant. A distinctly favorable business climate promotes trade, commerce, industry, and economic growth in the Houston region. Many businesses recognize the allure of all Houston has to offer. Once dominated by oil-related jobs, Houston's economy has diversified as new, core industries join energy in the regional employment mix. As the 7th largest economy in the U.S. and with the nation's youngest and most diverse talent pool, Houston truly is the top headquarters city of the Americas.

TOP EMPLOYERS IN HOUSTON



SOURCE: HOUSTON REGIONAL MARKET PROFILE

WITH A STRONG INFRASTRUCTURE AND A HIGHLY-TRAINED WORKFORCE, HOUSTON HAS THE RESOURCES TO SUPPORT ITS GROWING INDUSTRIES:

LIFE SCIENCES & BIOTECHNOLOGY

- 1,760+ Life Sciences Companies
- 320,500 Healthcare & Life Sciences Employment
- \$670 Million NIH Funding '18
- 25+ Research and Innovation Centers

AEROSPACE & AVIATION

- Houston is home to 500 companies involved in aircraft or space vehicle manufacturing, research, and technology, or other air transportation support activities.
- Of the 50 largest aerospace manufacturing companies in the U.S., 10 have a presence in the Houston region.
- \$2.9 Billion Total Trade in Aviation
- 500+ Space, Aviation, and Aerospace related firms and institutions

ADVANCED MANUFACTURING

- Houston Is One Of The Most Important Industrial Bases In The World
- There Are More Than 6,400 Manufacturers In The Region
- More Than \$80 Billion Of Products Produced Annually
- #2 U.S. Metro For Manufacturing GDP
- 27 Million Consumers Within 300 Miles
- 230,000 Industrial Workers

ENERGY

- Energy Capital of the World
- Employs nearly 1/3 of the nation's jobs in oil and gas extraction
- 237,000+ Energy Employment
- Home to 4,600 Energy-Related Firms
- 44 out of 128 Publicly Traded Oil & Gas Firms
- 4th Largest Concentration of Engineers
- 21 of Houston's 40 corporate R&D centers are focused on energy technology and innovation.

DIGITAL TECHNOLOGY

- \$544 Million VC Funding in '19
- 8,200 Tech-Related Firms
- 223,000 Workers Employed in Tech
- \$1.6 Billion Tech-Sector Impact on the Economy
- 30+ Incubators, Accelerators, Makerspaces, and Coworking Spaces
- Houston Exponential (HX) was formed in '17 to grow the city's digital startup ecosystem.

CONFIDENTIALITY AGREEMENT & DISCLAIMER

This Offering Memorandum contains select information pertaining to the business and affairs of **Walgreens** located at **2221 Fulton St, Houston, TX 77009** (“Property”). The Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material and information in the Offering Memorandum is unverified. Matthews Real Estate Investment Services has not made any investigation, and makes no warranty or representation, with respect to square footage, income and expenses, the future financial performance of the property, future rent, and real estate value market conditions, the condition or financial prospects of any tenant, or the tenants’ plans or intentions to continue to occupy space at the property. All prospective purchasers should conduct their own thorough due diligence investigation of each of these areas with the assistance of their accounting, construction, and legal professionals, and seek expert opinions regarding volatile market conditions given the unpredictable changes resulting from the continuing COVID-19 pandemic. The information is based in part upon information supplied by the Owner and in part upon financial information obtained from sources the Owner deems reliable. Owner, nor their officers, employees, or real estate agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum, or any of its content, and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

1. The Offering Memorandum and its contents are confidential;
2. You will hold it and treat it in the strictest of confidence; and
3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

Matthews Real Estate Investment Services is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee in the Offering Memorandum. The presence of any corporation’s logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of Matthews Real Estate Investment Services.

Owner and Matthews Real Estate Investment Services expressly reserve the right, at their sole discretion, to reject any and all expressions of interest or offers to purchase the Property and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Property unless and until a written agreement for the purchase and sale of the Property has been fully executed and delivered.

If you wish not to pursue negotiations leading to the acquisition of the Property or in the future you discontinue such negotiations, then you agree to purge all materials relating to this Property including this Offering Memorandum.

A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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Associate

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License No. 9005919 (TX)

MATTHEWS™
REAL ESTATE INVESTMENT SERVICES



Information About Brokerage Services

Texas law requires all real estate license holders to give the following information about brokerage services to prospective buyers, tenants, sellers and landlords.

TYPES OF REAL ESTATE LICENSE HOLDERS:

- **A BROKER** is responsible for all brokerage activities, including acts performed by sales agents sponsored by the broker.
- **A SALES AGENT** must be sponsored by a broker and works with clients on behalf of the broker.

A BROKER'S MINIMUM DUTIES REQUIRED BY LAW (A client is the person or party that the broker represents):

- Put the interests of the client above all others, including the broker's own interests;
- Inform the client of any material information about the property or transaction received by the broker;
- Answer the client's questions and present any offer to or counter-offer from the client; and
- Treat all parties to a real estate transaction honestly and fairly.

A LICENSE HOLDER CAN REPRESENT A PARTY IN A REAL ESTATE TRANSACTION:

AS AGENT FOR OWNER (SELLER/LANDLORD): The broker becomes the property owner's agent through an agreement with the owner, usually in a written listing to sell or property management agreement. An owner's agent must perform the broker's minimum duties above and must inform the owner of any material information about the property or transaction known by the agent, including information disclosed to the agent or subagent by the buyer or buyer's agent.

AS AGENT FOR BUYER/TENANT: The broker becomes the buyer/tenant's agent by agreeing to represent the buyer, usually through a written representation agreement. A buyer's agent must perform the broker's minimum duties above and must inform the buyer of any material information about the property or transaction known by the agent, including information disclosed to the agent by the seller or seller's agent.

AS AGENT FOR BOTH - INTERMEDIARY: To act as an intermediary between the parties the broker must first obtain the written agreement of *each party* to the transaction. The written agreement must state who will pay the broker and, in conspicuous bold or underlined print, set forth the broker's obligations as an intermediary. A broker who acts as an intermediary:

- Must treat all parties to the transaction impartially and fairly;
- May, with the parties' written consent, appoint a different license holder associated with the broker to each party (owner and buyer) to communicate with, provide opinions and advice to, and carry out the instructions of each party to the transaction.
- Must not, unless specifically authorized in writing to do so by the party, disclose:
 - that the owner will accept a price less than the written asking price;
 - that the buyer/tenant will pay a price greater than the price submitted in a written offer; and
 - any confidential information or any other information that a party specifically instructs the broker in writing not to disclose, unless required to do so by law.

AS SUBAGENT: A license holder acts as a subagent when aiding a buyer in a transaction without an agreement to represent the buyer. A subagent can assist the buyer but does not represent the buyer and must place the interests of the owner first.

TO AVOID DISPUTES, ALL AGREEMENTS BETWEEN YOU AND A BROKER SHOULD BE IN WRITING AND CLEARLY ESTABLISH:

- The broker's duties and responsibilities to you, and your obligations under the representation agreement.
- Who will pay the broker for services provided to you, when payment will be made and how the payment will be calculated.

LICENSE HOLDER CONTACT INFORMATION: This notice is being provided for information purposes. It does not create an obligation for you to use the broker's services. Please acknowledge receipt of this notice below and retain a copy for your records.

Kyle Matthews/Matthews Retail Group Inc.	678067	kyle.matthews@matthews.com	(310) 919-5757
Licensed Broker /Broker Firm Name or Primary Assumed Business Name	License No.	Email	Phone
Kyle Matthews	678067	kyle.matthews@matthews.com	(310) 919-5757
Designated Broker of Firm	License No.	Email	Phone
Licensed Supervisor of Sales Agent/ Associate	License No.	Email	Phone
Sales Agent/Associate's Name	License No.	Email	Phone

Buyer/Tenant/Seller/Landlord Initials

Date